

## INTRODUCTION OF SALES AUTOMATION IN PEPSICO INDIA

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### ABSTRACT

Information Technology has revolutionized the working environment and has brought a tremendous impact in managing sales & distribution. The food processing industry, one of the largest in India & ranked fifth in terms of production, consumption, export and expected growth, started using IT applications in the field of sales management for information management of sales force. PepsiCo India Ltd, for its Frito Lays division, launched a device called SAMNA (Sales Automation Management for The New Age) for the Pre Sales Representatives for increasing the overall productivity of the process of selling. SAMNA is a sales automation device and acts as a Management Information Tool for PSRs. The case study is about of applications of sales automation tools and its utility in managing information of sales force in the areas like inventory, account, and time & territory management and overall productivity of the sales force.

**KEYWORDS:** Sales Management, Distribution Management, Food Process Industry, Sales Automation, Information Technology

### INTRODUCTION

Food industry in India comprises food production and food processing industry. Food processing industry is one of the largest industries operating in India and is divided into several segments that include Fruits & Vegetables, Meat & Poultry, Dairy, Marine products, Grains and Consumer foods (that includes packaged food, beverages and packaged drinking water, etc). Food processing industry has enormous significance for the development of India as it links “Economy, Industry and Agriculture” together, efficiently and effectively. The three pillars being together have synergized the development process and promoted the growth of the nation to a great extent. For the further growth, it is essential for the companies to identify new areas to sale their products. It is also important that the companies must work in a planned manner to capture new customers as well as to retain old customers by using the latest technologies. As Information Technology has revolutionized the working environment and has brought a tremendous impact on ever kind of the industries. Now every company is looking for that technology which can provides four sets of core services to execute its business strategy. These four core services are broken into business process automation, providing information, connecting with customers, and productivity tools. The details of meetings and follow-ups, capturing all interactions with prospects, opportunity status and stages in the sales cycle need to be properly maintained. With use of latest technologies, sales people can turn difficult sales process into a happy journey.

#### The Sales Force Automation Scenario in India

The sales force automation was first used by HUL. HUL's and its distribution network is recognized as one of its key strengths - which helps reach out its products across the length and breadth of the country. HUL's products, manufactured across the country, are distributed through a network of about 3600 Redistribution Stockists (RS) covering

about one million retail outlets To meet the growing information needs and standardise business practices, HUL wanted to implement Secondary Sales Force Automation (SSFA) Application across its RSs. CMC has already implemented the Dealership Management Application Software for HUL distributors as part of earlier engagement. Team CMC has been chosen to deploy the SSFA Application, train the RS and its sales force in using the handheld application and provide post implementation support to approximately 10,000 salesmen of 3600 RS present across Indian geography. The Redistribution stockists get connected with the company's central database through Internet-based network for online interaction on orders, dispatches, information sharing and monitoring.

### **About PepsiCo**

PepsiCo entered India in 1989 and in a short period of 20 years has grown into the largest and one of the fastest growing food & beverage business in the country. PepsiCo India's growth has been guided by PepsiCo's global vision of "Performance with Purpose". This means that while businesses maximize shareholder value, they have a responsibility to all the stakeholders including the communities in which they operate, the consumers they serve and the environment whose resources they use.

One of the largest US multinational investors in the country with an investment of over \$1 billion, PepsiCo India provides direct and indirect employment to over 1,50,000 people across the country. It's beverage and snack food business is supported by 36 beverage bottling plants, (13 company and 23 franchisee owned) and three food plants. PepsiCo India's diverse portfolio includes iconic brands like Pepsi, Lay's, Kurkure, Tropicana 100%, Gatorade, Quaker and young but immensely popular and fast growing brands such as Nimbooz and Aliva. PepsiCo India believes in providing employment and growth opportunities to local talent. Its 'College of Leadership', ensures early identification of talent, and employees' focused development through critical experiences. PepsiCo strongly believes in "Winning with Diversity and Inclusion". PepsiCo has been offering employment to women employees at the same employment terms and equal growth opportunities as men. Today women comprise more than 25% of the company's leadership team in India. PepsiCo India currently employs over 100 differently-abled people and has won the prestigious Hellen Keller award from the National Centre for Promotion of Employment for Disabled People (NCPEDP).

PepsiCo has pioneered and established a model of partnership with farmers and now works with over 22,000 happy farmers across ten states. More than 45% of these are small and marginal farmers with a land holding of one acre or less. PepsiCo India's farming program has improved their livelihoods and incomes by providing assured buy back of their produce at pre-agreed prices thus insulating them from open market price fluctuations. PepsiCo provides 360 degree support to the farmer through quality seeds, extension services, disease control packages, bank loans, weather insurance and latest technological practices. Following its success in water conservation, the company is now focused on reducing its carbon footprint. Nearly 30% of its energy is today generated from renewable sources such as rice husk boilers and wind turbines. Initiatives such as agriculture waste boilers in our plants, installation of wind turbines, reduction of use of chemicals, reduction in weight of packaging and film used in product packaging, reduction in weight of metal crowns/polypropylene caps for plastic bottles, conversion of potato waste into bio gas help reduce load on the environment. PepsiCo India also partners NGOs and local administrations in three states of India to recycle household solid waste in an endeavor to keep cities clean. Its award-winning "waste to wealth" recycling program reaches 450,000 families. A few facts about PepsiCo India are enumerated below.

**Problems of Sales & Distribution Affecting Productivity of Sales Force**

- Mismatching of stock
- Inadequate discount schemes
- Inadequate delivery time
- Complex billing pattern
- Effective grouping/ classification of accounts

**Introduction of SAMNA**

FMCG companies realized that the paper-based processes were not timely or flexible enough to react to the ever-changing market conditions. In an effort to correct this problem the field sales organization teamed up with the management information systems organization to redesign the fieldwork processes with a goal of improved efficiency. The introduction of the HHC (hand held computer) in 1987 improved both the efficiency and the effectiveness of the sales operations. The rollout was very successful and well received by the sales force. However, the benefits yielded still did not support the micromarketing strategy. Improved information was still necessary to streamline, integrate, and time synchronize operating processes. A series of IT projects, called the Pipeline Projects, were then initiated to support operating process redesign activities within and across functional units.

Frito-Lays launched a new handheld device called SAMNA (Sales Automation Management for the New Age). It is basically been called a step into the future and gives information to the management through GPRS and is beneficial to the company. These notebook size computers monitor every move of the packages of snacks and beverage sold each year through manufacturing facilities, warehouses, distribution centers, and stores across the nation. It integrates operational data from manufacturing, helps in purchasing decision making, and tracks the logistical movements from raw materials to final delivery. SAMNA is given to each PSR's to take order from the retailers and the wholesalers and is preferred by the company instead of ready stock. SAMNA gives information to the PSR's about the stock available in the warehouse of the distributor, beat plan of the PSR's, daily or monthly schemes, calls to be made, productivity of the PSR's, LPSC's, etc. The basic plan is the PSR's go in their daily beats to the market and take the order through SAMNA which sends the information to the warehouse of the distributor and supply of the products is made the next day.

The shops are divided into 12 types and they are classified as A, B or C class. There are 7 channel-sub channel Types and the shops are divided into 4 groups namely (Elite, FSC, Non Elite and Non FSC). The shops are either taken as fixed counters or variable counters. The fixed counters are given flat discount on the bill and the variable counters are given monthly schemes depending on their purchase.

**Inventory Management**

Inventory Management in PepsiCo India is automated as every beverage and snack is made available on SAMNA so that the PSR's can punch the order accurately. Inventory update is important and key for sales and this is a problem which is being faced by the retailers as the inventory is not updated on daily basis which leads to mismatching of stock. The retailers book an order and they get the delivery the next day but only to find out that the order is incomplete or they are given something else instead of what was ordered initially. The wide mismatching of stock leads to bill cancellations

which can tune up to 30000 rupees in a single city. One solution to this problem could be pre- packing of orders on the day it got punched on SAMNA.

### **Sales Calls**

Now the sales representative can access sales call information, up-to-date product catalog information and in-transit and on-order information in real time. The sales representative can also place orders, receive order confirmation. Time that used to be spent taking inventory is now dedicated to making additional sales calls or sharing sales management reports and other information with retail store owners to maximize their PepsiCo's product sales. PSR's salary is based on the incentive scheme launched every month.

Their productivity is supposed to be around 75% which enables them for 1 of the incentive and this depends on the sale strike that they make. Every PSR has around 20 retail outlets to cover in 1 day and the retailers get a biweekly service by the PSR's but it was being found that the most of the PSR's productivity reaches around 40% to 60% which is a cause of concern. Many retailers do not prefer biweekly service and can be served once or thrice a week depending on their sale amount which can ultimately increase the productivity of the PSR's.

### **Improved Customer Service**

Sales representatives also now have the time to provide valuable information to store owners. They can provide the amount of revenue the store is generating from sales of PepsiCo's products, compare that to sales of competitors' products and suggest ways that retailers can increase their sales.

### **Fixed Discounts**

The retailers are divided into fixed and variable counters. Fixed counters get a straight discount rate of 5% irrespective of their purchase order and the variable counters get a month on month discount schemes. Discounts are important in keeping your retailers happy and PepsiCo India plays a clever role by keeping this information hidden from retailers. The flaw in this strategy was that the retailers making purchase of more than 10000 rupees a month were not getting the fixed discount and retailers making purchase of less than 2000 rupees were getting fixed discounts which were leading to loss in revenues.

### **Ordering Time**

Ordering time is the time taken by the PSR to book an order. The old days on booking on a registers has gone and with the sales force automation the ordering time has reduced significantly. SAMNA provides information about the available stock and the previous sale preference of the retailer which is used to make a quick order. A PSR has an activity of 8 steps for each shop which he completes in only 20 minutes. It includes merchandising as well as making the final order. Reduction in ordering time leads to more reach to retailers.

### **Sustaining Market Leadership**

PepsiCo India are the market leaders in Snack food business in India in terms of overall share in the market and has around 92% market share for its flagship brand Lay's. Their main competitor in beverage is Coca Cola and Pepsi is having only 30% share in Punjab and the story is the same elsewhere in India. In Snack food business their main competitors are Bingo by ITC and Parle. The share game has begun and for PepsiCo has to tackle its competitors to keep generating more revenues. The distribution network of both ITC and Parle is huge and both are trying hard to shake off the

leaders Frito Lays. Frito Lays has been the market leader for most its brand and with the advent of SAMNA now the company is looking forward to increasing retailer satisfaction through a timely sale process.

### Questions for an Open Discussions

- How can an organization increase acceptability and adoption of the technical devices introduce to increase the sales force efficiency?
- Can the companies equally increase the level of satisfaction of retailers of different markets, e.g. rural market, by implementing sales automation?

### CONCLUSIONS

The efforts put in by PepsiCo India to be the market leaders as well as to help the community have been recognized by the people who matter the most- the retailers. With a wide range of brands under it and providing service to every retailer without compromising on the quality of service seems to working well. The problems faced by the retailers due to SAMNA have to be tackled quickly and effectively to increase the productivity of the PSR's which will ultimately lead to increase in revenues. Although there are many problems in the sale process but the brand PepsiCo has been efficiently working to increase the market share.

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